

APPLICATION MANUAL

for Geothermal Program

CALIFORNIA ENERGY COMMISSION

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We welcome your comments and suggestions for improving this manual at any time. If you have any questions or comments about these materials, write or call:

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Commonly Asked Questions about the Geothermal Program

The Geothermal Program was established by the California legislature in 1980 under Public Resources Code sections 3800 and following to provide financial and technical support to California geothermal projects. Private entities, public entities and individuals can qualify for assistance in geothermal research, development, commercialization, planning, or mitigation projects.

The California Energy Commission (Commission) has built funding partnerships with over 150 public and private entities to promote development of new geothermal resources and technologies. Financial assistance is provided in the form of contingent awards which, depending on project success, can become either a loan or a grant. A match contribution in cash, equipment or services is required.

The funding source is revenue paid to the United States government by geothermal developers from production on federal leases in California. Generally, there is approximately \$2 million available to the Commission each fiscal year in the Geothermal Resources Development Account (GRDA). Because applications for funding are accepted on a continuous basis, available funds are allocated for each quarter of the fiscal year. Any funds not awarded by the Commission at the end of a quarter will roll over to the next quarter, except at the end of the fiscal year when unencumbered funds will require reappropriation in future years. To apply for funding, complete the attached application and send it to the Commission.

The following questions will help you decide whether to apply for assistance under this program.

Q: Who can apply?

A: Private for-profit entities and local jurisdictions can apply.

Private entities include individuals and organizations engaged in the exploration and development of geothermal energy for profit.

Local jurisdictions include cities, counties, any unit of Indian government, districts, including but not limited to, regional planning agencies and public utility districts, or any combination thereof formed for the joint exercise of any power, except that "public utility districts" do not include any public utility district which generates more than 50 megawatts gross of electricity.

Other entities, such as universities, national laboratories, state and federal agencies, and not-for-profit organizations, can participate in this program only when in partnership with an eligible local jurisdiction or private for-profit entity. The eligible entity will be the applicant.

Q: Is my project eligible for funding?

A: Most types of geothermal projects in California qualify for funding.

Practically all aspects of geothermal research, resource development, commercialization, planning and impact mitigation are eligible for funding under the Geothermal Program. Recent approvals by the Energy Commission have been to fund research, development, demonstration and commercialization projects rather than planning or mitigation projects. To qualify, your project must directly relate to geothermal energy and be located in California or be sponsored by a California-based company. All projects must have a hardware component (e.g., well drilling; resource assessments; small-scale electricity production; direct-use systems; or testing or demonstration of innovative geothermal assessment techniques, components, or systems). The Energy Commission will not fund advertising, marketing or business plans, drilling bonds or mitigation measures required for a permit.

Q: What type of funding is available?

A: We are offering contingent awards to eligible projects.

The Commission is offering contingent awards that require repayment if the project is successful. Grants are available under certain circumstances. Within five years of project completion, i.e. the project term date identified in the funding agreement, a contingent award is converted into either a repayable loan or a grant. Repayment of the award is conditioned upon the outcome of the proposed project. The Commission-funded portion of this project shall be repaid if the project or subject inventions conceived or reduced to practice in the course of or under the Commission-funded portion of this agreement generate revenues and/or energy cost savings at any time within five years after the termination of this agreement. The amount to be repaid is determined by the Commission and cannot exceed the project's and/or subject invention's revenues and/or energy costs.

For all loans, the interest rate is tied to a set of market indices and is dependent on the term of repayment selected by the funding recipient. Interest rates are tied to the Merrill Lynch 500 (ML 500) and Prime Rate (Prime) indices (as reported in the ***Wall Street Journal***) for local jurisdictions and private for-profit entities, respectively. The actual loan rate schedule is fixed and set at the time applications are accepted as complete by Geothermal Program staff.

You can select the term of repayment and corresponding interest rate most appropriate for your project. Your decision must be made prior to the date of conversion of the contingent award to a loan. The interest rate will not change during the life of the project or the repayment period.

Interest Rate (%)¹

| Term (Years) | Local Jurisdictions | Private for-profit Entities |
|---------------------|----------------------------|------------------------------------|
| 0-4 | ML 500 minus .375 | Prime plus .125 |
| 5-7 | ML 500 minus .125 | Prime plus .625 |
| 8-12 | ML 500 plus .375 | Prime plus 1.125 |
| 13+ | ML 500 plus .625 | Prime plus 1.625 |

The Energy Commission will generally establish a maximum loan term of 15 years. If, at the time of conversion to a loan, it is determined that energy cost savings or revenue are insufficient to pay back the loan within 15 years, the Commission may, at its option, approve a loan term for up to 20 years.

If your contingent award is converted to a loan, you must provide collateral to secure the loan. Collateral can consist of equipment, property, and other securities. The Commission reserves the right, however, to accept, reject, or discount any offered collateral.

Q: How much will I need to contribute to the project?

A: A match contribution is required to participate in this program.

A match contribution is cash, equipment, and/or in-kind services provided by the applicant or other sources secured by the applicant toward completion of the awarded project. Staff time, laboratory space, equipment, and other grants, loans, or contracts can count toward the match contribution. To qualify as a match contribution, these contributions must be: (1) dedicated to the project,² (2) based on documented current market values, and (3) depreciated or amortized over the project's life.

Most Local Jurisdictions must provide a match contribution of at least 20 percent of the overall project cost. Local jurisdictions located in a county that has received "County-of-Origin" funds from the state's Geothermal Resources Development Account in excess of \$50,000 in each of the previous three years must provide a match contribution of at least 50 percent of the total project cost.

Private For-Profit Entities must provide a match contribution of at least 50 percent of the overall project cost.

¹This interest rate schedule must be approved each fiscal year by the Energy Commission.

²If a piece of equipment is not solely dedicated to the project, the prorated value of the equipment by percentage of use for the project will count toward the match contribution.

Q: How much financial help can I ask for?

A: Awards are limited by the availability of funds and your match share.

There are no predetermined limits on the funding that can be requested for a project. Awards are limited by the availability of funds at the time the project is approved. Funding availability varies from year to year. Generally \$2-3 million are available at the beginning of each fiscal year. The amount of funding you can request is, of course, related to the amount of your match contribution.

Q: How and when will I receive the funds?

A: Funds are issued on an invoice billing basis.

Commission funds are paid on a reimbursement basis. Payment will be made approximately 60 days after the Commission receives and approves your completed invoice including documentation of project expenses. The Commission will retain 10 percent of any payment request or 10 percent of the total Commission award at the end of the project; these funds will be released when the Commission Project Manager is satisfied that the terms of the funding agreement have been fulfilled.

Q: How much paperwork will there be if the project is funded?

A: All recipients must submit quarterly progress reports, reimbursement requests, and a final report.

Some projects also may require technical reports (often done by consultants) and other documentation specific to that project.

Q: What about confidential information?

A: We can work with you to safeguard confidential records.

You **should not** submit confidential information unless it is absolutely necessary. If you need to submit confidential information to support your application, contact us first to learn how to protect the confidentiality of your information. Do not submit information you want treated as confidential without first applying for protection.

When you request a ***Geothermal Application Manual*** you should also receive a separately-bound copy of the ***Confidentiality Information Document for the Geothermal Program***. This document discusses the issue of confidential information and how to apply for confidential designation should you require it. ***Attachment A: Application for Confidential Designation*** is included in that document.

Q: Can I get technical help for the project?

A: Yes.

The Commission may provide staff support and/or private consultants to help resolve technical problems relating to a planned or ongoing project.

Q: When can I apply?

A: You can apply at any time.

Funding from the Commission is awarded on a first-complete and eligible application basis. All applicants **must submit an application**. An application that does not satisfy the requirements specified in the program application manual will be returned to the applicant. Geothermal Program staff are available to advise you on how to submit a complete application. The application may be resubmitted after all of the needed information is added. The application date will be the date all required information is received by the Commission and it is deemed by program staff to be a complete application.

Q: How will my application be processed?

A: Your application will be impartially evaluated in an orderly and timely way.

An application consists of a certification and eight parts. Each part consists of a form to fill out, and/or information to be provided on separate pages. These forms and the needed information are described in the section entitled "The Application" later in this manual.

Applications will be processed in the following three phases:

1. Screening. We will initially evaluate your application for completeness and to ensure that your proposed project is eligible. The criteria we will use in this evaluation are listed in the box entitled "Screening Criteria" at the beginning of each part of "The Application." We will return applications that do not satisfy these requirements with a letter explaining what is missing .

2. Scoring. Applications that pass screening will be scored by a Technical Advisory Committee (TAC). The TAC will use the scoring criteria shown in Table 1.

A box entitled "What we are looking for to evaluate proposal" is included in some parts of "The Application." These boxes provide guidance on what we are looking for in the individual parts of your application. This information is cross-referenced in Table 1 against the scoring criteria used by the TAC. The Table 1 reference numbers shown under the column "What we are looking for" correspond to relevant parts of "The Application" (e.g., Pg. B1#6 refers to page B-1, item number 6).

TABLE 1

| <u>Scoring Criteria</u> | <u>Type of Project³</u> | | | <u>"What we're looking for"</u> | <u>Points</u> |
|-------------------------------------------|------------------------------------|--------------|-------------------|---------------------------------------------|---------------|
| | <u>Planning</u> | <u>Dev't</u> | <u>Mitigation</u> | | |
| Economic and Employment Benefits | | X | | Pg. B1#6 | 15 |
| Demonstration Value | | X | | Pg. B1#2, B1#3 | 15 |
| Payback and Cost Effectiveness | | X | | Pg. B1#1, F1#1 F1#2 | 15 |
| Proven Extent of the Resource | X | X | | Pg. B1#4 | 15 |
| Demonstrated Need | X | | X | Pg. B1#1, B1#3, B1#5 | 15 |
| Stimulation of Geothermal Dev't | X | | | Pg. B1#3 | 15 |
| Public Involvement | X | | | Pg. B1#5, B1#6 | 15 |
| Implementation | X | | | Pg. C1#1, C1#2, D1#1-D1#3, E1#1, E1#2 | 15 |
| Documented Impact | | | X | Pg. B1#3, B1#5 | 15 |
| Avail. of Alternatives to Mitigate Impact | | | X | Pg. B1#5 | 15 |
| Timeliness | | | X | Pg. C1#2, D1#2 | 15 |
| Match Contribution | X | X | X | Pg. E1#2 | 15 |
| Likelihood of Success | | X | X | Pg. C1#1, D1#1-D1#3 | 15 |
| Overriding Issues | X | X | X | Pg. B1#5, C1#2, E1#1 | 30 |

Your score will be the average of the scores awarded by the members of the TAC. For your application to qualify for funding, your average score must be a minimum of 80 out of 120 points. Additionally, private entities must pass a credit review conducted by the Commission's financial consultant.

3. Commission Recommendation. All applications receiving a passing score from the TAC will be considered by the RD&D Committee of the Commission. The RD&D Committee will recommend proposals for funding to the full Commission. If your application is not approved or recommended for funding, you have the right to appeal to the Energy Commission. If the

³Commercialization, demonstration, and research projects have the same criteria as development projects.

Commission does not have the resources to fund a qualified proposal, that application may, at the applicant's request, be reconsidered at a later date.

The Commission sends notices of approved projects to the Department of Finance, the Office of the Legislative Analyst, and the Joint Legislative Budget Committee for a 30-day review and comment period.

Funding Agreement. After all approvals are obtained, a funding agreement is developed by program staff for both the funding recipient and the Commission to sign. This agreement defines the project schedule, budget, tasks, and administrative terms and conditions.

Q: When can I begin project work?

A: Project work generally cannot begin until all parties have signed the funding agreement.

If the recipient must begin work prior to signing the funding agreement, the Energy Commission Project Manager may allow work to begin, but only after the Commission Business meeting date at which the project was approved. Authorization to begin work prior to funding agreement execution must be given in writing by the Commission Project Manager and prior to the recipient incurring expenditures for which the recipient is seeking Commission reimbursement.

Q: When will I hear about the initial status of my application?

A: You will be notified within 30 days after receiving your application.

Within 30 days after you file your application you will receive a letter which:

- . States that the application is complete, or
- . Requests clarification and/or additional information, or
- . Explains why the application is not being considered for funding.

Q: When will I know the outcome of my application?

A: Our goal is to process your application through Commission consideration within 100 days.

THE APPLICATION

The application consists of a certification and eight parts. Each part consists of a form to fill out and/or information to be provided on separate pages. The criteria we will use to screen and score any particular part are located at the beginning of that part. The boxes entitled "Screening Criteria" and "What We Are Looking For" will assist you in preparing that particular part of the application. Submit all application parts in correct order with supporting information attached immediately behind the appropriate part. Providing complete and clear answers will help us efficiently process your application. **Send five copies of your application and all supporting documents to:**

Geothermal Program/California Energy Commission
1516 9th Street, MS-43 Sacramento, CA 95814-5512

1. Use this checklist to insure that you have completed all required parts.

___ Part A: General Information (all applicants)
___ page A-1

___ Part B: Project Goals and Actions (all applicants)
___ page B-2: items 1-5

___ Part C: Project Task Description (all applicants)
___ page C-1: items 1-5

___ Part D: Project Management Structure and Personnel (all applicants)
___ page D-1: items 1-2

___ Part E: Task-by-Task Budget (all applicants)
___ page E-1: items 1-5

___ Part F: Cash Flow Projections (for projects with expected net energy cost savings and/or revenue generation)
___ page F-1: item 1

___ Part G: Credit Information (**Private Entities Only**)
___ pages G-1 through G-9: items 1-10

___ Part H: Authorizations (all applicants)
___ page H-1: item 1
___ page H-3: Certification

___ Resolution (for all public entities)
___ Authorizing letter (for all private entities)
___ Permit (for private entities needing a permit)
___ Resolution (for private entities not needing a permit)

Screening Criteria

1. Is applicant eligible to apply?
2. Does application meet or exceed the minimum match contribution?
3. Does project include a hardware component?

Date: _____

| <i>For Counties of Origin Only</i> | |
|------------------------------------|--|
| County of Origin: | |
| GRDA Funds Received: | |
| Last year: | |
| Two years prior: | |
| Three years prior: | |

Applicant is (check one):

- ☐ Public Entity (**not** in "County of Origin") ☐ Private For-profit Company
☐ Public Entity (within a "County of Origin") ☐ Private Individual
☐ Public/Private Partnership

Applicant: _____

Project Title: _____

Project Street Address: _____

(City) _____ (County) _____ (State) _____ (Zip Code) _____

Project Manager: _____ Title: _____ Telephone Number: (____) _____

Project Manager's Address: _____

Number of Months Required to Complete Project (Maximum of 48 months): _____

Energy Commission Funds Requested: \$_____ = _____% of Total Project Budget

Match Contribution by Applicant:⁴ \$_____ = _____% of Total Project Budget

Total Project Budget \$_____

⁴Minimum match contributions are: 50% for private entities; 50% for public entities in a "County of Origin" that has received more than \$50,000 in GRDA funds in each of the previous three years; and 20% for other public entities. Funding from other entities affiliated with the project can be counted toward match contribution.

Screening Criteria**Does application:**

1. Quantify⁵ goals and state specific, measurable, and appropriate actions that achieve goals?
2. Identify and quantify benefits for California?

What we are looking for to evaluate application**Does application:**

1. Represent a reasonable funding request relative to overall project cost and considering anticipated short- and long-term benefits to the State?
2. Promote geothermal energy development or demonstration in California by:
 - . Creating a commercial California product or process that will save energy or money for others?
 - . Including technology transfer activities to help others use project results?
3. Help remove technical, economic, environmental, and/or institutional barriers to geothermal energy use?
4. Reduce the use of non-renewable energy resources by:
 - . Substituting geothermal for non-renewable energy resources?
 - . Increasing efficiency of geothermal energy use?
 - . Shifting or leveling electricity loads to enable more efficient use of existing power plants and resources?
5. Mitigate negative impacts to air and water quality, ambient noise levels, wildlife, vegetation, and viewshed esthetics or improve public or worker health and safety?
6. Create economic benefits⁶ for Californians by:
 - . Improving job opportunities, tax revenues, or other economic factors?
 - . Stimulating small business competition (particularly in alternative energy development)?
 - . Creating or expanding export markets for California energy technologies?
 - . Locating project in California, or having work done by California businesses?
 - . Reducing capital costs or operation and maintenance costs?

⁵Quantify where possible the project's cost and performance goals.

⁶Substantiate your estimates of project-generated economic benefits. Created jobs should be differentiated as to project jobs and jobs from near-term commercialization.

1. Mark your project type/types:⁷

___ Geothermal Energy Commercialization:

- . Exploration, production, and injection wells
- . Resource assessment (geological, hydrological, geophysical, geochemical)
- . Electricity production
- . Development of direct-use projects:
 - space heating/domestic water supply
 - aquaculture
 - industrial process heat, etc.

___ Geothermal Research and Development

- . Any aspect of commercialized geothermal energy applications
- . Future commercial geothermal energy applications (e.g., hot dry rock, magma)

___ Geothermal Impact Mitigation

- . Identification and control of adverse impacts to water, air, wildlife, vegetation, viewshed, ground surface levels, and ambient noise levels
- . Identification of social and economic impacts of geothermal development
- . Upgrading of adversely-affected public services

___ Geothermal Planning by Local Jurisdiction

- . General plan elements
- . Regulations, policy, and ordinance development
- . Collection and analysis of environmental data

___ Other _____

2. Provide a detailed description of your project.

3. Describe the major goals and objectives for the project.

4. Using the same numbering system and quantifying where possible, explain how your project will address the items raised in questions #2 through #6 under "What We Are Looking For" on Page B-1. If an item does not apply to your project type, write N/A next to that number.

5. Attach technical and economic feasibility studies prepared for the project. As appropriate, include a detailed schematic that includes mass and energy balances, component specifications for the geothermal system, market assessment, and a business plan.

⁷All projects must include a hardware component

Screening Criteria**Does application:**

1. Fully describe each task?
2. Identify task products and present a task-by-task schedule?
3. Identify personnel assigned to each task?

What we are looking for to evaluate proposal**Does application:**

1. Show how the task objectives will effectively accomplish the stated goals?
2. Reasonably budget project time with respect to task sequence, task difficulty, and the use of labor, equipment, and facilities?

Project Task Description: Describe in a numbered format each project task to be completed. Major tasks should be divided into subtasks. You should include an administrative task for preparing quarterly progress reports and a final report. Each task description should have sufficient detail to explain the work to a lay reader and indicate the following:

1. **Task number.**
2. **Task name and description (what you will do and how you will do it).**
3. **When tasks will be completed and reported to the Commission (indicated by number of months counted from signing of funding agreement).**
4. **Major products that will result from the task (test plan, blueprints, data, well completion, pipeline, etc.).**
5. **Names of persons assigned to the task.**

Screening Criteria

Does application:

1. Identify team member responsibilities (including reporting lines, interaction with the Commission, and interaction with subcontractors and vendors)?

What we are looking for to evaluate proposal

Does application:

1. Demonstrate your team's ability to complete the project's planning, scientific, and engineering work?
2. State how you will keep your project within budget and on schedule.
3. Identify your team, including firms that qualify as small businesses, or businesses owned by minorities, women, or disabled veterans?

1. **Attach a description of how your project team will be managed to ensure that the project will be completed on schedule and within budget.**
2. **Attach an organization chart of the project team and resumes of key individuals.**

Screening Criteria**Does application:**

1. Allocate funds by task (and subtasks as applicable) for both match and Commission-reimbursable funds?
2. Describe the nature, source, amount, and status of match funds?
3. Itemize expenses over \$1,000?

What we are looking for to evaluate proposal**Does application:**

1. Have adequate cost estimates for identified tasks (and subtasks as applicable)?
 2. Meet match share requirement?
-
1. Describe the nature, amounts, source, and status of match contribution. Sources include existing budget, grants, loans, etc. If all or part of matching funds are from outside sources, describe the commitment status of these funds (e.g. funding agreement is under review, preliminary acceptance of funding agreement, or formal commitment of funds).
 2. Describe all non-cash match contributions and show the basis of their valuation.
 3. Describe all expenses over \$1,000 to be paid by the Commission and through the match contribution.
 4. Fill out the budget matrix on Page E-2 (add additional pages if necessary). Round cost to nearest dollar.
 5. Indicate hourly personnel labor and benefit rates for all project personnel and any indirect charges.

–

| <u>Task No.</u> ⁸ | <u>Task Name</u> ⁸ | <u>CEC Share</u> ⁹ | <u>Category</u> ¹⁰ | <u>Match Share</u> ⁹ | <u>Category</u> ¹⁰ |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|
|------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|

⁸Task numbers and names should correspond to those used in the Part C task description.

⁹Provide your best estimate of project expenditures at the time of application.

¹⁰Use these category abbreviations: (P=personnel services, e.g., salary, wages, benefits; O=operating expenses, e.g., travel, equipment; P/C=professional/consulting services; and C=construction expenses).

Complete only for projects expected to result in energy cost savings and/or revenue generation.

Screening Criteria

Does application:

1. Present all assumptions used in estimating cash flows?
2. Compare anticipated cash flows (out and in) on a year-by-year basis from the date of application through the end of repayment?

What we are looking for to evaluate proposal

Does application:

1. Demonstrate an ability to repay the award within 15 years?
2. Use reasonable assumptions in the cash flow analysis?

1. Cash Flow Projections: The applicant shall describe all costs. Describe energy cost savings, and/or revenues expected over the life of the project that enable full repayment of Commission funds. Provide projected balance sheet, income, and cash flow statements for the applicant on a year-by-year basis from the date of application through the end of repayment of the requested award funds. Present all assumptions used in creating projections. Attach additional sheets as necessary.

[illegible]

Screening Criteria**Does application:**

1. Contain completed pages G-1 through G-9 with attachments?
2. Demonstrate a need for Commission funding?
3. Identify collateral with a discounted value equal to amount of the proposed award?¹¹

1. Applicant Information

Full Legal Name of Applicant: _____

Business Address: _____

Telephone Number: () _____

California Tax ID Number: _____

Nature of Business: _____

Number of Employees: _____

Year Established: _____

How Long Under Current Ownership? _____

Legal Form of Business: ___ Sole Proprietorship
 ___ General Partnership
 ___ Sub-Chapter S Corp.
 ___ Limited Partnership
 ___ Corporation
 ___ Other (identify)

a. ___ If Corporation, please provide Article of Incorporation

b. ___ If Partnership, please provide Partnership Agreement

c. ___ If Sole Proprietor, please provide Fictitious Name Filing

¹¹Discounted value applied as security for the loan. All security/Collateral will be discounted from book or market value according to the following schedule: all equipment, fixtures, and furniture (50%); inventory, work in progress, and supplies (60%); accounts receivable (80%); and real estate (25%).

2. Ownership/Management Information

Applicants must provide the following management and ownership information. Indicate which individuals will be providing guarantees. If the contingent award is converted to a loan, guarantees will be required by each owner of the corporation or each general partner and their spouse.

Management (all applicants)

| <u>Name</u> | <u>Title</u> | <u>Years with company</u> |
|-------------|--------------|---------------------------|
| | | |
| | | |
| | | |
| | | |

Ownership (list all corporate and partnership applicants)

| <u>Shareholder/Partner</u> | <u>% Ownership</u> | <u>SS#</u> | <u>General or Limited</u> |
|----------------------------|--------------------|------------|---------------------------|
| | | | |
| | | | |
| | | | |
| | | | |

Applicants must list any partial owners beyond those listed above. If there are no other partial owners or partners, state that there are none.

Other Possible Guarantors (all applicants)

| <u>Name</u> | <u>Relationship to Company</u> | <u>SS#</u> |
|-------------|--------------------------------|------------|
| | | |
| | | |
| | | |
| | | |

3. Match Fund Contributions

Match Source #1: Applicant

| | | |
|------------------------------|----------|----------|
| Applicant's cash | \$ _____ | |
| Applicant's in-kind services | \$ _____ | |
| Applicant's equipment | \$ _____ | |
| Total applicant's share | | \$ _____ |

Match Fund Source #2: (name source and type of entity)

| | | |
|----------------------------|----------|----------|
| Source #2 cash | \$ _____ | |
| Source #2 in-kind services | \$ _____ | |
| Source #2 equipment | \$ _____ | |
| Total Source #2 share | | \$ _____ |

Match Fund Source #3: (name source and type of entity)

| | | |
|----------------------------|----------|----------|
| Source #3 cash | \$ _____ | |
| Source #3 in-kind services | \$ _____ | |
| Source #3 equipment | \$ _____ | |
| Total Source #3 share | | \$ _____ |

Match Fund Source #4: (name source and type of entity)

| | | |
|----------------------------|----------|----------|
| Source #4 cash | \$ _____ | |
| Source #4 in-kind services | \$ _____ | |
| Source #4 equipment | \$ _____ | |
| Total Source #4 share | | \$ _____ |

| | |
|----------------------------|----------|
| Total Match Funding | \$ _____ |
|----------------------------|----------|

| | |
|---------------------------|----------|
| Total Project Cost | \$ _____ |
|---------------------------|----------|

| | |
|------------------------------------------------------|-------|
| Match Funding as a percentage of Project Cost | _____ |
|------------------------------------------------------|-------|

4. Financial Information

Provide the information requested under the applicant's legal form of business from the following categories. If 25% or more of non-governmental match funding is coming from an outside source or sources, the following information must be provided on that source or those sources as well. *Please check off the information that has been included in this application:*

For All Applicants

- ___ Current personal financial statement and three most recent years complete federal tax returns with all schedules for all principals and guarantors.
- ___ Projected balance sheet, income and cash flow statements on a year-by-year basis for the full term of the project and repayment of the award requested (see Part F).
- ___ Most recent current year interim balance sheet and income statement (***Sole Proprietors provide only the current income statement.***)

For Corporations Only

- ___ Three most recent years of complete, independent CPA-prepared, FYE audited, reviewed, or compiled financial statements;
- OR**
- ___ Three most recent years internally prepared FYE financial statements which include at least income statements, balance sheets, and cash flow statements; **plus** three most recent years complete federal tax returns (as submitted) with all schedules;

For Partnerships Only

- ___ Three most recent years of complete, independent CPA-prepared, FYE audited, reviewed, or compiled financial statements; **or** three most recent years internally-prepared, FYE financial statements which include at least an income statement, balance sheet, and cash flow statement (*circle which of the above two choices you are submitting*);
- PLUS**
- ___ Three most recent years complete federal tax returns (as submitted) with all schedules and **K-1's**;

Sole Proprietors

- ___ Three most recent years of complete federal personal income tax returns (as submitted) with all schedules.
- ___ Current personal financial statement (preferably on a bank form).

5. Identification of funds to cover 10% award retention

The Commission will retain 10 percent of each payment request or 10 percent of the total Commission award at the end of the project. After the project is complete the recipient must submit a completed payment request form requesting release of the retention. Identify at least one verifiable source of funds to cover this 10% award retention:

6. Repayment

Primary source(s) of funds you will use to repay this loan:

Secondary source(s) of repayment funds (i.e., how will you repay this loan if your primary source is insufficient or unavailable)?

7. Credit References

Financial References (Provide at least two references, including your primary bank)

Financial Institution: _____

Address: _____

Account Officer: _____ Telephone Number: () _____

Account numbers: checking: _____

savings: _____

other (identify): _____

Financial Institution:

Address: _____

Account Officer: _____ Telephone Number: () _____

Account numbers: checking: _____

savings: _____

other (identify): _____

Financial Institution: _____
Address: _____
Account Officer: _____ Telephone Number: () _____
Account numbers: checking: _____
 savings: _____
 other (identify): _____

Business Credit References (Provide at least two references)

Name of Creditor: _____
Type of Credit (e.g., Trade Credit): _____
Amount Extended: _____
Repayment Term: _____
Address: _____
Contact: _____ Telephone Number: () _____
Account Number: _____

Name of Creditor: _____
Type of Credit (e.g., Trade Credit): _____
Amount Extended: _____
Repayment Term: _____
Address: _____
Contact: _____ Telephone Number: () _____
Account Number: _____

Name of Creditor: _____
Type of Credit (e.g., Trade Credit): _____
Amount Extended: _____
Repayment Term: _____
Address: _____
Contact: _____ Telephone Number: () _____
Account Number: _____

8. Other Information

All applicants **MUST** answer the following questions and provide additional information as required. Failure to do so will result in an incomplete application:

YES NO

____ Has your business, or you as a sole proprietor, ever filed bankruptcy or defaulted on any debts?

____ Is your business, or you as a sole proprietor, a party to any claim or lawsuit?

Are you aware of any potential adverse change to the company's business or financial condition that can reasonably be anticipated?

— — Does the company anticipate any significant capital expenditures within the next twelve (12) months?

____ Does the company or guarantor have any contingent liabilities? (i.e., is the business or principal and endorser, guarantor, or co-maker for any obligation?)

— Does the company own life insurance on the senior management or owners of this company?

If the answer to any of the above questions is YES, explain fully. Attach additional sheets if necessary.

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

9. Collateral Information

Within five years of project completion, i.e. the project term date identified in the funding agreement, a contingent award is converted into either a repayable loan or a grant. Repayment of the award is conditioned upon the outcome of the proposed project. The Commission-funded portion of this project shall be repaid if the project or subject inventions conceived or reduced to practice in the course of or under the Commission-funded portion of this agreement generate revenues and/or energy cost savings at any time within five years after the termination of this agreement.

All awards converted to loans must be fully collateralized within 90 days from the time the Commission converts the award to a loan. To prepare for this possibility, all applicants must provide a list of several collateral sources sufficient to secure the loan in full.¹² The collateral list will be reviewed and updated at the time a contingent award is converted to a loan. Collateral will consist of California real property, any equipment financed by the contingent award, other business assets, and personal assets of principals and guarantors.

The Commission reserves the right to accept, reject, or discount any offered collateral. Please provide full details of all collateral offered.

Collateral source #1

Nature of Collateral: _____
Owner: _____
Market Value: _____
Equity Value: _____
Discounted Value:¹³ _____

Collateral source #2

Nature of Collateral: _____
Owner: _____
Market Value: _____
Equity Value: _____
Discounted Value: _____

¹²Your collateral listing will be renegotiated if and at the time a conditional award is converted to a loan.

¹³Discounted value applied as security for the loan. All security/Collateral will be discounted from book or market value according to the following schedule: all equipment, fixtures, and furniture (50%); inventory, work in progress, and supplies (60%); accounts receivable (80%); and real estate (25%).

Nature of Collateral: _____
 Owner: _____
 Market Value: _____
 Equity Value: _____
 Discounted Value: _____

Nature of Collateral: _____
 Owner: _____
 Market Value: _____
 Equity Value: _____
 Discounted Value: _____

Nature of Collateral: _____
 Owner: _____
 Market Value: _____
 Equity Value: _____
 Discounted Value: _____

Attach an explanation of why you need Energy Commission funding and describe other fund sources you have considered applying for this project.

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Screening Criteria**Does application:**

1. Identify which authorizations are pertinent to applicant's status?
2. Include required approval letter(s), resolutions, or other authorizing documents?
3. Include a signed certification (Attachment C)?

1. Check the categories that match your status and attach the authorizations and information that apply:¹⁴**___ Local Jurisdiction/Public Entity**

- ___ *Certification.* **All** public entities must submit a signed Attachment C certifying the information presented is correct and complete and authorizes the Energy Commission to make inquiries and verify the information.
- ___ *Public Entity Needing Resolution.* **All** public entities must attach a resolution from its governing board authorizing submittal of this application and commitment of matching contribution (see Sample Resolution A in Application Appendix). No further authorizations are needed.

___ Private Entity

- ___ *Certification.* **All** private entities must submit a signed Attachment C certifying the information presented is correct and complete and authorizes the Energy Commission to make inquiries and verify the information.
- ___ *Private Entity Needing Authorizing Letter.* **All** private entities must submit a statement from a duly authorized representative stating that the applicant is fully authorized to submit this application and is empowered to execute all necessary contracts, agreements, amendments, and payment requests pertaining to its implementation. All private entity applicants will also need to submit either a permit or a resolution from the governing body of the local jurisdiction within which the project is located.

¹⁴The kind of document you submit depends on your status as either a local jurisdiction/public entity or a private entity (see page 1 for definitions).

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- *Private Entity Needing Permit.* List any local jurisdiction permits required to initiate, complete, and/or operate any aspect of your project. Describe the status of permits at the time of application (preparing application, being reviewed, approved, etc.). Attach any approved permits and conditions behind this page. You do not need to submit a private entity resolution.
- *Private Entity Needing Resolution.* If a local permit is not required, private entity applicants must submit a resolution from the local governing body that the proposed project has been approved by the city, county, or Indian reservation in which the project is located. (See Sample Resolution B in Application Appendix).

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CERTIFICATION

I certify to the best of my knowledge that the information contained in this application and supplemental information is correct and complete.

I authorize the California Energy Commission to make any necessary inquiries to verify the information I have presented.

Signature of Authorized Representative

Date

APPENDIX: SAMPLE RESOLUTIONS

If you need to submit a resolution, choose the sample resolution (A or B) that matches your application status and draft a similar resolution approved by your governing authority. Attach that resolution in the place of these sample resolutions.

Sample Resolution A: Resolution by a Local Governmental Jurisdiction Applying for its Own Project

WHEREAS, the **(name of local governmental jurisdiction here)** recognizes that it is in the interest of the regional, state, and national economy to develop alternative energy resources to reduce our dependence on foreign oil; and,

WHEREAS, geothermal energy is indigenous to **(name local geographic area)**, and its careful development may provide benefits to the local community in the form of jobs and reduced fuel costs; and,

WHEREAS, funds are available from the Local Government Geothermal Resources Revolving Subaccount in the General Fund through the California Energy Commission for grants, loans, and contingent awards to local governments for geothermal-related activities;

NOW, therefore, be it resolved that the **(name governing body of the local governmental jurisdiction)** authorizes the submittal of the application to the California Energy Commission for funds to execute the **(name project)**.

Be it also resolved, if recommended for funding by the Commission, the State Legislature, and the Department of Finance, the **(name governing body of the local governmental jurisdiction)** authorizes **(name of local governmental jurisdiction)** to accept a contingent award up to the amount of this application for \$ **(name requested amount)**, and, that **(name job title of designated project manager)** acting for the **(name local governmental jurisdiction)** is hereby authorized and empowered to execute in the name of **(name local governmental jurisdiction)**, all necessary contracts and agreements, and amendments hereto, to implement and carry out the purposes specified in the application, including amendments to convert this agreement to a loan if the project results in net energy savings and/or generates revenue.

The foregoing resolution was passed by the **(name governing body of the local governmental jurisdiction)** this ____ day of _____, 19____.
Effective _____, 19____.

ATTEST:

Signed: _____

Date: _____

Title: _____

Sample Resolution B: Resolution by a Local Governmental Jurisdiction Approving a Project Initiated by a Private Party in the Local Jurisdiction.

NOTE: If the local jurisdiction has issued permits for your project (e.g., land use or building permits), a formal resolution by the local jurisdiction is not required by the Energy Commission.

WHEREAS, the **(name local governmental jurisdiction here)** recognizes that it is in the interest of the regional, state, and national economy to develop alternative energy resources to reduce our dependence on foreign oil; and,

WHEREAS, geothermal energy resources are found in **(name local geographic area)**, and its careful development may provide benefits to the local community in the form of jobs and reduced fuel costs; and,

WHEREAS, **(name private party developing project)** has proposed a project with potential significance to both the local community and the geothermal industry; and,

WHEREAS, the **(name governing body of the local governmental jurisdiction)** has authority to approve geothermal-related projects in its jurisdiction; and,

WHEREAS, **(name private party developing project)** has requested approval for **(name project)** from **(name governing body of the local governmental jurisdiction)**;

Now, therefore, be it resolved that the **(name governing body of the local governmental jurisdiction)** hereby approves **(name project)**.

The foregoing resolution was passed by the **(name governing body of the local governmental jurisdiction)** this ____ day of _____, 19____.
Effective:_____, 19____.

ATTEST:

Signed:_____

Date:_____

Title:_____